

**VILLAGE OF HESSMER, LOUISIANA****Financial Report****Year Ended August 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/27/11

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## INDEPENDENT AUDITORS' REPORT

The Honorable James "Lynn" Bordelon, Mayor  
and Members of the Board of Aldermen  
Village of Hessmer, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Hessmer, Louisiana, as of and for the year ended August 31, 2010, which collectively comprise of the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of Hessmer, Louisiana, as of August 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 1, 2011, on our consideration of the Village of Hessmer's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information on pages 37 through 39 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Village of Hessmer has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hessmer, Louisiana basic financial statements. The financial information listed as "other supplementary information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Marksville, Louisiana  
April 1, 2011

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

# VILLAGE OF HESSMER, LOUISIANA

## Statement of Net Assets August 31, 2010

|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                                   |                            |                             |                     |
| Current assets:                                 |                            |                             |                     |
| Demand deposits                                 | \$ 150,524                 | \$ 131,231                  | \$ 281,755          |
| Time deposits                                   | 14,016                     | 161,122                     | 175,138             |
| Receivables, net                                | 9,665                      | 42,949                      | 52,614              |
| Internal balances                               | 3,364                      | (3,364)                     | -                   |
| Inventory                                       | -                          | 23,921                      | 23,921              |
| Prepaid items                                   | 14,112                     | 9,013                       | 23,125              |
| Total current assets                            | <u>191,681</u>             | <u>364,872</u>              | <u>556,553</u>      |
| Noncurrent assets:                              |                            |                             |                     |
| Restricted assets:                              |                            |                             |                     |
| Demand deposits                                 | -                          | 99,515                      | 99,515              |
| Time deposits                                   | -                          | 66,044                      | 66,044              |
| Accrued interest                                | -                          | 421                         | 421                 |
| Capital assets -                                |                            |                             |                     |
| Non depreciable capital assets                  | 7,000                      | -                           | 7,000               |
| Depreciable capital assets, net                 | 201,646                    | 3,414,388                   | 3,616,034           |
| Total noncurrent assets                         | <u>208,646</u>             | <u>3,580,368</u>            | <u>3,789,014</u>    |
| Total assets                                    | <u>400,327</u>             | <u>3,945,240</u>            | <u>4,345,567</u>    |
| <b>LIABILITIES</b>                              |                            |                             |                     |
| Current liabilities:                            |                            |                             |                     |
| Accounts and other payables                     | 2,634                      | 41,355                      | 43,989              |
| Bonds payable                                   | 2,000                      | 20,131                      | 22,131              |
| Accrued interest                                | 267                        | 37,391                      | 37,658              |
| Total current liabilities                       | <u>4,901</u>               | <u>98,877</u>               | <u>103,778</u>      |
| Noncurrent liabilities:                         |                            |                             |                     |
| Customers deposits payable                      | -                          | 39,212                      | 39,212              |
| Other liabilities                               | -                          | 116,000                     | 116,000             |
| Bonds payable                                   | 6,000                      | 980,573                     | 986,573             |
| Total noncurrent liabilities                    | <u>6,000</u>               | <u>1,135,785</u>            | <u>1,141,785</u>    |
| Total liabilities                               | <u>10,901</u>              | <u>1,234,662</u>            | <u>1,245,563</u>    |
| <b>NET ASSETS</b>                               |                            |                             |                     |
| Invested in capital assets, net of related debt | 200,646                    | 2,433,815                   | 2,634,461           |
| Restricted for debt service                     | 24,666                     | 108,458                     | 133,124             |
| Unrestricted                                    | 164,114                    | 168,305                     | 332,419             |
| Total net assets                                | <u>\$ 389,426</u>          | <u>\$ 2,710,578</u>         | <u>\$ 3,100,004</u> |

The accompanying notes are an integral part of the basic financial statements.



VILLAGE OF HESSMER, LOUISIANA

Statement of Activities

For the Year Ended August 31, 2010

| Activities   | Expenses          | Fees, Fines,<br>and Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contribution | Net (Expense) Revenues and<br>Changes in Net Assets |                             |                     |
|--|-------------------|---|--|---------------------------------------|---|-----------------------------|---------------------|
|  |                   |   |  |                                       | Governmental<br>Activities                          | Business-Type<br>Activities | Total               |
| <b>Governmental activities:</b>                                |                   |   |  |                                       |   |                             |                     |
| General government   | \$ 72,227         | \$ -  | \$ -                                     | \$ -                                  | \$ (72,227)   | \$ -                        | \$ (72,227)         |
| Public safety:   |                   |   |  |                                       |   |                             |                     |
| Police   | 195,215           | 50,292                                      | 1,500                                    | -                                     | (143,423)   | -                           | (143,423)           |
| Fire   | 38,003            | -   | 11,679                                   | -                                     | (26,324)  | -                           | (26,324)            |
| Recreation   | 10,565            | -   | -  | -                                     | (10,565)  | -                           | (10,565)            |
| Streets and sidewalks  | 34,801            | -   | 2,900                                    | -                                     | (31,901)  | -                           | (31,901)            |
| Debt Service   | 1,617             | -   | -  | -                                     | (1,617)   | -                           | (1,617)             |
| Total governmental activities                                  | 352,428           | 50,292                                      | 16,079                                   | -                                     | (286,057)   | -                           | (286,057)           |
| <b>Business-type activities:</b>                               |                   |   |  |                                       |   |                             |                     |
| Water  | 469,810           | 317,212                                     | 45,000                                   | -                                     | -   | (107,598)                   | (107,598)           |
| Sewer  | 176,832           | 48,049                                      | -  | -                                     | -   | (128,783)                   | (128,783)           |
| Total business-type activities                                 | 646,642           | 365,261                                     | 45,000                                   | -                                     | -   | (236,381)                   | (236,381)           |
| <b>Total</b>   | <b>\$ 999,070</b> | <b>\$ 415,553</b>                           | <b>\$ 61,079</b>                         | <b>\$ -</b>                           | <b>\$ (286,057)</b>                                 | <b>\$ (236,381)</b>         | <b>\$ (522,438)</b> |
| <b>General revenues:</b>                                       |                   |   |  |                                       |   |                             |                     |
| <b>Taxes -</b>   |                   |   |  |                                       |   |                             |                     |
| Property taxes, levied for general purposes                    |                   |   |  |                                       | 18,604  | -                           | 18,604              |
| Property taxes, levied for specific purposes                   |                   |   |  |                                       | 3,765   | -                           | 3,765               |
| Sales and use taxes, levied for general purposes               |                   |   |  |                                       | 11,129  | -                           | 11,129              |
| Sales and use taxes, levied for specific purposes              |                   |   |  |                                       | 63,063  | -                           | 63,063              |
| Franchise taxes  |                   |   |  |                                       | 37,779  | -                           | 37,779              |
| Licenses and permits -   |                   |   |  |                                       |   |                             |                     |
| Occupational licenses  |                   |   |  |                                       | 34,372  | -                           | 34,372              |
| Grants and contributions not restricted to specific programs - |                   |   |  |                                       |   |                             |                     |
| State sources  |                   |   |  |                                       | 2,999   | -                           | 2,999               |
| Interest and investment earnings                               |                   |   |  |                                       | 1,020   | 2,673                       | 3,693               |
| Miscellaneous  |                   |   |  |                                       | 47,046  | -                           | 47,046              |
| Transfers  |                   |   |  |                                       | 31,847  | (31,847)                    | -                   |
| Total general revenues and transfers                           |                   |   |  |                                       | 251,624   | (29,174)                    | 222,450             |
| Change in net assets   |                   |   |  |                                       | (34,433)  | (265,555)                   | (299,988)           |
| Net assets - September 1, 2009                                 |                   |   |  |                                       | 423,859   | 2,976,133                   | 3,399,992           |
| Net assets - August 31, 2010                                   |                   |   |  |                                       | \$ 389,426  | \$ 2,710,578                | \$ 3,100,004        |

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Sales Tax Fund**

To account for the receipt and use of proceeds of the Village's 1% sales and use tax. These taxes are dedicated to the following purposes: repair and maintain public streets, repair, maintain, and operate the waterworks and sewerage system, repair and maintain drainage improvements, capital improvements, and support of the general fund.

### **Debt Service Fund**

#### **Sewer System Improvement Bonds 1974**

To accumulate monies for payment of the 1974 \$30,000 Sewer System Improvement Bonds, which are serial bonds due in annual installments, plus interest, through 2014. Debt Service is financed by ad valorem taxes.

### **Enterprise Funds**

#### **Water Utility Fund**

To account for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billings and collections.

#### **Sewer Utility Fund**

To account for the provision of sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billings and collections.

# VILLAGE OF HESSMER, LOUISIANA

## Balance Sheet Governmental Funds August 31, 2010

|                                      | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Totals</u>    |
|--------------------------------------|------------------|----------------------------|-------------------------|------------------|
| <b>ASSETS</b>                        |                  |                            |                         |                  |
| Demand deposits                      | \$ 11,380        | \$128,251                  | \$ 10,893               | \$150,524        |
| Time deposits                        | -                | -                          | 14,016                  | 14,016           |
| Receivables:                         |                  |                            |                         |                  |
| Taxes                                | 1,115            | 8,526                      | 23                      | 9,664            |
| Accrued interest                     | -                | -                          | 1                       | 1                |
| Due from other funds                 | 3,364            | -                          | -                       | 3,364            |
| Prepaid items                        | 14,112           | -                          | -                       | 14,112           |
| Total assets                         | <u>\$ 29,971</u> | <u>\$136,777</u>           | <u>\$ 24,933</u>        | <u>\$191,681</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                  |                            |                         |                  |
| Liabilities:                         |                  |                            |                         |                  |
| Accounts payable                     | <u>\$ 2,634</u>  | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 2,634</u>  |
| Fund balances -                      |                  |                            |                         |                  |
| Reserved for prepaid items           | 14,112           | -                          | -                       | 14,112           |
| Reserved for debt service            | -                | -                          | 24,933                  | 24,933           |
| Unreserved, undesignated             | 13,225           | 136,777                    | -                       | 150,002          |
| Total fund balances                  | <u>27,337</u>    | <u>136,777</u>             | <u>24,933</u>           | <u>189,047</u>   |
| Total liabilities and fund balances  | <u>\$ 29,971</u> | <u>\$136,777</u>           | <u>\$ 24,933</u>        | <u>\$191,681</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF HESSMER, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
August 31, 2010

|  |  |               |                   |
|--|--|---------------|-------------------|
| Total fund balances for governmental funds at August 31, 2010  |  |               | \$ 189,047        |
| Total net assets reported for governmental activities in the statement of net assets is different because:   |  |               |                   |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: |  |               |                   |
| Land   |  | \$ 7,000      |                   |
| Buildings and improvements, net of \$113,958 accumulated depreciation  |  | 114,597       |                   |
| Equipment, furniture, and fixtures net of \$32,567 accumulated depreciation  |  | 21,588        |                   |
| Infrastructure, net of \$30,991 accumulated depreciation   |  | <u>65,461</u> | 208,646           |
| Long-term liabilities at August 31, 2010:  |  |               |                   |
| Bonds payable  |  | (8,000)       |                   |
| Accrued interest payable   |  | <u>(267)</u>  | <u>(8,267)</u>    |
| Total net assets of governmental activities at August 31, 2010   |  |               | <u>\$ 389,426</u> |

The accompanying notes are an integral part of the basic financial statements.

# VILLAGE OF HESSMER, LOUISIANA

## Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds For the Year Ended August 31, 2010

|  | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Totals</u>    |
|--|------------------|----------------------------|-------------------------|------------------|
| Revenues:  |                  |                            |                         |                  |
| Taxes  | \$ 56,383        | \$ 74,192                  | \$ 3,765                | \$134,340        |
| Licenses and permits                                 | 34,372           | -                          | -                       | 34,372           |
| Intergovernmental                                    | 17,578           | -                          | -                       | 17,578           |
| Fines and forfeits                                   | 50,292           | -                          | -                       | 50,292           |
| Miscellaneous  | 44,807           | 609                        | 100                     | 45,516           |
| Total revenues                                       | <u>203,432</u>   | <u>74,801</u>              | <u>3,865</u>            | <u>282,098</u>   |
| Expenditures:  |                  |                            |                         |                  |
| Current -  |                  |                            |                         |                  |
| General government                                   | 59,764           | 9,372                      | -                       | 69,136           |
| Public safety:                                       |                  |                            |                         |                  |
| Police   | 179,799          | -                          | -                       | 179,799          |
| Fire   | 38,003           | -                          | -                       | 38,003           |
| Recreation   | 6,559            | -                          | -                       | 6,559            |
| Streets and sidewalks                                | 33,320           | -                          | -                       | 33,320           |
| Debt service   | -                | -                          | 3,685                   | 3,685            |
| Total expenditures                                   | <u>317,445</u>   | <u>9,372</u>               | <u>3,685</u>            | <u>330,502</u>   |
| Excess (deficiency) of revenues<br>over expenditures | <u>(114,013)</u> | <u>65,429</u>              | <u>180</u>              | <u>(48,404)</u>  |
| Other financing sources (uses):                      |                  |                            |                         |                  |
| Transfers in   | 83,105           | -                          | -                       | 83,105           |
| Transfers out  | <u>(8,881)</u>   | <u>(39,377)</u>            | <u>(3,000)</u>          | <u>(51,258)</u>  |
| Total other financing sources (uses)                 | <u>74,224</u>    | <u>(39,377)</u>            | <u>(3,000)</u>          | <u>31,847</u>    |
| Net changes in fund balances                         | (39,789)         | 26,052                     | (2,820)                 | (16,557)         |
| Fund balances, beginning                             | <u>67,126</u>    | <u>110,725</u>             | <u>27,753</u>           | <u>205,604</u>   |
| Fund balances, ending                                | <u>\$ 27,337</u> | <u>\$136,777</u>           | <u>\$ 24,933</u>        | <u>\$189,047</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF HESSMER, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended August 31, 2010

|   |                    |
|---|--------------------|
| Total net changes in fund balances at August 31, 2010 per<br>Statement of Revenues, Expenditures and Changes in Fund Balances   | \$ (16,557)        |
| The change in net assets reported for governmental activities in the<br>statement of activities is different because:   |                    |
| Governmental funds report capital outlays as expenditures. However,<br>in the statement of activities, the cost of those assets is allocated over<br>their estimated useful lives and reported as depreciation expense.                           |                    |
| Depreciation expense for the year ended August 31, 2010   | (19,588)           |
| Governmental funds report bonded debt repayments as expenditures.<br>However, this expenditure does not appear in the statement of activities<br>since the payment is applied against the bond payable balance on the<br>statement of net assets. | 2,000              |
| Governmental funds do not report the donation of capital assets not held for<br>resale. Such donations are, however a transaction that must be reported in<br>the statement of activities.  | 4,050              |
| Difference between interest on long-term debt on modified accrual basis<br>versus interest on long-term debt on accrual basis.  | <u>68</u>          |
| Total changes in net assets at August 31, 2010 per Statement of Activities  | <u>\$ (34,433)</u> |

The accompanying notes are an integral part of the basic financial statements.

# VILLAGE OF HESSMER, LOUISIANA

## Combining Statement of Net Assets Proprietary Funds August 31, 2010

|  | Water<br>Utility    | Sewer<br>Utility  | Totals              |
|--|---------------------|-------------------|---------------------|
| <b>ASSETS</b>  |                     |                   |                     |
| Current assets:  |                     |                   |                     |
| Demand deposits  | \$ 118,475          | \$ 12,756         | \$ 131,231          |
| Time deposits  | 151,122             | 10,000            | 161,122             |
| Receivables:   |                     |                   |                     |
| Accounts   | 36,922              | 5,857             | 42,779              |
| Accrued interest                                       | 170                 | -                 | 170                 |
| Inventory  | 21,554              | 2,367             | 23,921              |
| Prepaid items  | 4,470               | 4,543             | 9,013               |
| Total current assets                                   | <u>332,713</u>      | <u>35,523</u>     | <u>368,236</u>      |
| Noncurrent assets:                                     |                     |                   |                     |
| Restricted assets -                                    |                     |                   |                     |
| Demand deposits  | 20,560              | 78,955            | 99,515              |
| Time deposits  | 37,500              | 28,544            | 66,044              |
| Accrued interest                                       | 289                 | 132               | 421                 |
| Capital assets -                                       |                     |                   |                     |
| Depreciable capital assets, net                        | <u>2,518,713</u>    | <u>895,675</u>    | <u>3,414,388</u>    |
| Total noncurrent assets                                | <u>2,577,062</u>    | <u>1,003,306</u>  | <u>3,580,368</u>    |
| Total assets   | <u>2,909,775</u>    | <u>1,038,829</u>  | <u>3,948,604</u>    |
| <b>LIABILITIES</b>                                     |                     |                   |                     |
| Current liabilities:                                   |                     |                   |                     |
| Accounts payable                                       | 4,042               | 1,232             | 5,274               |
| Other payables   | 25,200              | 10,800            | 36,000              |
| Sales tax payable                                      | 81                  | -                 | 81                  |
| Due to other funds                                     | 3,364               | -                 | 3,364               |
| Payable from restricted assets -                       |                     |                   |                     |
| Revenue bonds  | 10,131              | 10,000            | 20,131              |
| Accrued interest payable                               | 35,627              | 1,764             | 37,391              |
| Total current liabilities                              | <u>78,445</u>       | <u>23,796</u>     | <u>102,241</u>      |
| Noncurrent liabilities:                                |                     |                   |                     |
| Customers' deposits                                    | 33,680              | 5,532             | 39,212              |
| Other liabilities                                      | 81,200              | 34,800            | 116,000             |
| Revenue bonds payable (net of bond amortization costs) | <u>947,573</u>      | <u>33,000</u>     | <u>980,573</u>      |
| Total noncurrent liabilities                           | <u>1,062,453</u>    | <u>73,332</u>     | <u>1,135,785</u>    |
| Total liabilities                                      | <u>1,140,898</u>    | <u>97,128</u>     | <u>1,238,026</u>    |
| <b>NET ASSETS</b>                                      |                     |                   |                     |
| Invested in capital assets, net of related debt        | 1,571,140           | 862,675           | 2,433,815           |
| Restricted for debt service                            | 12,591              | 95,867            | 108,458             |
| Unrestricted (deficit)                                 | <u>185,146</u>      | <u>(16,841)</u>   | <u>168,305</u>      |
| Total net assets                                       | <u>\$ 1,768,877</u> | <u>\$ 941,701</u> | <u>\$ 2,710,578</u> |

The accompanying notes are an integral part of the basic financial statements.



# VILLAGE OF HESSMER, LOUISIANA

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds For the Year Ended August 31, 2010

|  | <u>Water<br/>Utility</u> | <u>Sewer<br/>Utility</u> | <u>Total</u>       |
|--|--------------------------|--------------------------|--------------------|
| Operating revenues:                    |                          |                          |                    |
| Charges for services -                 |                          |                          |                    |
| Water service charges                  | \$ 309,125               | \$ -                     | \$ 309,125         |
| Sewer service charges                  | -                        | 48,049                   | 48,049             |
| Installation and other charges         | 8,087                    | -                        | 8,087              |
| Total operating revenues               | <u>317,212</u>           | <u>48,049</u>            | <u>365,261</u>     |
| Operating expenses:                    |                          |                          |                    |
| Salaries                               | 36,210                   | 20,050                   | 56,260             |
| Payroll taxes                          | 2,752                    | 1,534                    | 4,286              |
| Depreciation expense                   | 118,554                  | 69,317                   | 187,871            |
| Maintenance and repairs                | 31,174                   | 3,540                    | 34,714             |
| Supplies                               | 6,033                    | 31                       | 6,064              |
| Legal & professional                   | 7,917                    | 300                      | 8,217              |
| Insurance                              | 13,151                   | 9,628                    | 22,779             |
| Fuel & oil                             | 3,061                    | -                        | 3,061              |
| Chemicals & supplies                   | 27,680                   | 6,437                    | 34,117             |
| Utilities and telephone                | 16,356                   | 11,976                   | 28,332             |
| Laboratory testing                     | 1,626                    | 5,205                    | 6,831              |
| Other                                  | 20,599                   | 1,442                    | 22,041             |
| Total operating expenses               | <u>285,113</u>           | <u>129,460</u>           | <u>414,573</u>     |
| Operating income (loss)                | <u>32,099</u>            | <u>(81,411)</u>          | <u>(49,312)</u>    |
| Nonoperating revenues (expenses):      |                          |                          |                    |
| Interest income                        | 1,600                    | 1,073                    | 2,673              |
| State grants                           | 45,000                   | -                        | 45,000             |
| Other expenses                         | (106,400)                | (45,600)                 | (152,000)          |
| Interest expense                       | (78,297)                 | (1,772)                  | (80,069)           |
| Total nonoperating revenues (expenses) | <u>(138,097)</u>         | <u>(46,299)</u>          | <u>(184,396)</u>   |
| Income (loss) before transfers         | <u>(105,998)</u>         | <u>(127,710)</u>         | <u>(233,708)</u>   |
| Transfers in (out):                    |                          |                          |                    |
| Transfer from General Fund             | -                        | 8,881                    | 8,881              |
| Transfer from Sales Tax Fund           | -                        | 16,465                   | 16,465             |
| Transfer from Water Fund               | -                        | 6,705                    | 6,705              |
| Transfer to General                    | (57,193)                 | -                        | (57,193)           |
| Transfer to Sewer Fund                 | (6,705)                  | -                        | (6,705)            |
| Total transfers in (out)               | <u>(63,898)</u>          | <u>32,051</u>            | <u>(31,847)</u>    |
| Change in net assets                   | (169,896)                | (95,659)                 | (265,555)          |
| Net assets, beginning                  | <u>1,938,773</u>         | <u>1,037,360</u>         | <u>2,976,133</u>   |
| Net assets, ending                     | <u>\$1,768,877</u>       | <u>\$ 941,701</u>        | <u>\$2,710,578</u> |

The accompanying notes are an integral part of the basic financial statements.

# VILLAGE OF HESSMER, LOUISIANA

## Combining Statement of Cash Flows Proprietary Funds For the Year Ended August 31, 2010

|   | Water<br>Utility | Sewer<br>Utility | Total      |
|---|------------------|------------------|------------|
| Cash flows from operating activities:                       |                  |                  |            |
| Receipts from customers                                     | \$ 311,442       | \$ 47,949        | \$ 359,391 |
| Payments to suppliers                                       | (128,653)        | (38,854)         | (167,507)  |
| Payments to employees                                       | (38,962)         | (21,584)         | (60,546)   |
| Other receipts  | 8,087            | -                | 8,087      |
| Net cash provided (used) by operating activities            | 151,914          | (12,489)         | 139,425    |
| Cash flows from noncapital financing activities:            |                  |                  |            |
| Cash received from other funds                              | 238              | -                | 238        |
| Cash paid to other funds                                    | -                | (1,776)          | (1,776)    |
| Transfers from other funds                                  | -                | 32,051           | 32,051     |
| Transfers to other funds                                    | (63,898)         | -                | (63,898)   |
| Net cash provided (used) by noncapital financing activities | (63,660)         | 30,275           | (33,385)   |
| Cash flows from capital and related financing activities:   |                  |                  |            |
| Interest and fiscal charges paid on revenue bonds           | (78,440)         | (2,650)          | (81,090)   |
| Principal paid on bonds                                     | (7,738)          | (10,000)         | (17,738)   |
| Proceeds from grant   | 45,000           | -                | 45,000     |
| Net increase (decrease) in meter deposits                   | 981              | (991)            | (10)       |
| Acquisition of property, plant and equipment                | (150,550)        | (9,265)          | (159,815)  |
| Net cash used by capital and related financing activities   | (190,747)        | (22,906)         | (213,653)  |
| Cash flows from investing activities:                       |                  |                  |            |
| Net decrease in investments                                 | (446)            | (457)            | (903)      |
| Interest received on interest-bearing deposits              | 1,707            | 1,169            | 2,876      |
| Net cash provided by investing activities                   | 1,261            | 712              | 1,973      |
| Net decrease in cash and cash equivalents                   | (101,232)        | (4,408)          | (105,640)  |
| Cash and cash equivalents, beginning of period              | 240,267          | 96,119           | 336,386    |
| Cash and cash equivalents, end of period                    | \$ 139,035       | \$ 91,711        | \$ 230,746 |

(Continued)

# VILLAGE OF HESSMER, LOUISIANA

## Combining Statement of Cash Flows Proprietary Funds (continued) For the Year Ended August 31, 2010

|   | Water<br>Utility    | Sewer<br>Utility   | Total               |
|---|---------------------|--------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities:        |                     |                    |                     |
| Operating income (loss)   | \$ 32,099           | \$ (81,411)        | \$ (49,312)         |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                     |                    |                     |
| Depreciation  | 118,554             | 69,317             | 187,871             |
| Changes in current assets and liabilities:  |                     |                    |                     |
| (Increase) decrease in accounts receivable  | 2,317               | (100)              | 2,217               |
| (Increase) in inventory   | (1)                 | -                  | (1)                 |
| Decrease in prepaid items   | 1,802               | 1,781              | 3,583               |
| Increase in accounts payable  | <u>(2,857)</u>      | <u>(2,076)</u>     | <u>(4,933)</u>      |
| Net cash provided (used) by operating activities  | <u>\$ 151,914</u>   | <u>\$ (12,489)</u> | <u>\$ 139,425</u>   |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:         |                     |                    |                     |
| Cash and cash equivalents, beginning of period -  |                     |                    |                     |
| Demand deposits - unrestricted  | \$ 201,565          | \$ 12,669          | \$ 214,234          |
| Time deposits - unrestricted  | 150,676             | 10,000             | 160,676             |
| Demand deposits - restricted  | 38,702              | 83,450             | 122,152             |
| Time deposits - restricted  | 37,500              | 28,087             | 65,587              |
| Less: Time deposits with maturity in excess of 90 days  | <u>(188,176)</u>    | <u>(38,087)</u>    | <u>(226,263)</u>    |
| Total cash and cash equivalents, beginning of period  | <u>240,267</u>      | <u>96,119</u>      | <u>336,386</u>      |
| Cash and cash equivalents, end of period -  |                     |                    |                     |
| Demand deposits - unrestricted  | 118,475             | 12,756             | 131,231             |
| Time deposits - unrestricted  | 151,122             | 10,000             | 161,122             |
| Demand deposits - restricted  | 20,560              | 78,955             | 99,515              |
| Time deposits - restricted  | 37,500              | 28,544             | 66,044              |
| Less: Time deposits with maturity in excess of 90 days  | <u>(188,622)</u>    | <u>(38,544)</u>    | <u>(227,166)</u>    |
| Total cash and cash equivalents, end of period  | <u>139,035</u>      | <u>91,711</u>      | <u>230,746</u>      |
| Net decrease  | <u>\$ (101,232)</u> | <u>\$ (4,408)</u>  | <u>\$ (105,640)</u> |

The accompanying notes are an integral part of the basic financial statements.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accounting and reporting policies of the Village of Hessmer conform to generally accepted accounting principles (GAAP) as applicable to governments. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsections of this note.

##### A. Financial Reporting Entity

The Village of Hessmer was incorporated in 1955 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services

This report includes all funds and account groups which are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village is determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the volunteer fire department, as a governmental organization, is not part of the Village and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Village does provide some of its financing, no control is exercised over its operations. These financial statements include only expenditures incurred directly by the Village for fire protection and does not include operating expenditures paid with self-generated funds of the volunteer fire department.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### Fund Financial Statements

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

#### Governmental Funds -

##### General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Special Revenue Fund -

##### Sales Tax Fund

The Special Revenue Fund accounts for the proceeds of a 1 % sales and use tax that is legally restricted to expenditures for specific purposes.

##### Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

#### Proprietary Funds -

##### Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water System Fund and the Sewer System Fund comprise the Village's Enterprise Funds.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### Basis of Accounting

In the government-wide statements of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### D. Assets, Liabilities and Equity

##### Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts and certificates of deposits of the Village.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand deposits and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased and are valued at cost. Inventories are adjusted at year-end. The first in first out method of inventory valuation is used.

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (non-current portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customers' utility service receivables as their major receivables. Uncollectible amounts due from customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.



## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

|                                      | <u>Gas and Water<br/>System</u> | <u>Sewer<br/>System</u> |
|--------------------------------------|---------------------------------|-------------------------|
| Lines and other system installations | 10 - 50 years                   | 10 - 50 years           |
| Vehicles and movable equipment       | 5 - 25 years                    | 5 - 25 years            |
| Buildings                            | 10 - 60 years                   | 10 - 60 years           |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same way as in the government-wide statements.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

#### Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable, general obligation bonds payable, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Compensated Absences

After 1 year of full time employment, employees of the Village of Hessmer earn annual leave at the rate of 5 to 20 days each year, depending upon their length of service. Unused annual leave may not be carried forward from year to year until the employee has reached 20 years of full time employment.

Employees of the Village earn 5 to 25 days of sick leave each year, depending upon their length of service. Unused sick leave may be carried forward from year to year not to exceed 25 days. The current policy is silent in regards to paying unused sick leave upon termination or resignation. In the past, the Village has not paid employees for unused sick time.

No accruals for accumulated unused compensated absences have been made in these financial statements.

#### Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### E. Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

##### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

##### Governmental Funds - By Character

##### Proprietary Funds - By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

##### Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

#### F. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u>   | <u>Legal Restrictions of Use</u>    |
|-------------------------|-------------------------------------|
| Sales tax               | See Note 3                          |
| Water and sewer revenue | Debt service and utility operations |

The Village uses unrestricted resources only when restricted resources are fully depleted.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### G. Budget and Budgetary Accounting

The Village follows the following procedures in establishing the budget:

1. The Mayor meets with the Council and Village Clerk to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are taken into account and reflected in the projections.
3. Once adopted, the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village does not formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets are prepared for the General Fund and Special Revenue Fund, and Debt Service Fund utilizing generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriation.

#### H. Capitalization of Interest Expense

It is the policy of the Village of Hessmer to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. No interest was capitalized for the year ended August 31, 2010.

#### I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### (2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 2 of each year. Taxes are levied by the Village in October and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Village property tax revenues are budgeted in the year billed.

For the year ended August 31, 2010, taxes of 8.08 mills were levied on property with assessed valuations totaling \$2,768,441 and were dedicated as follows:

|                            |                   |
|----------------------------|-------------------|
| General corporate purposes | 6.74 mills        |
| Debt service               | <u>1.34 mills</u> |
|                            | <u>8.08</u>       |

Total taxes levied were \$22,369. Ad valorem taxes receivable at August 31, 2010 was \$139.

#### (3) Dedication of Proceeds and Flow of Funds – 1% Sales and Use Tax

The proceeds of the 1% sales tax are dedicated to the following purposes: 30% to repair and maintain public streets in the Village, 15% to repair, maintain, and operate the Village's waterworks and sewerage system, 20% to repair and maintain drainage improvements in the Village, 20% for capital improvements for the Village, and 15% to support the Village's general fund. Collections for the year ended August 31, 2010 were \$74,192, which includes a receivable of \$8,526.

#### (4) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At August 31, 2010, the Village had cash and interest-bearing deposits (book balances) totaling \$622,452 as follows:

|                 |                   |
|-----------------|-------------------|
| Demand Deposits | \$ 381,270        |
| Time Deposits   | <u>241,182</u>    |
| Total           | <u>\$ 622,452</u> |

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or the Village will not be able to recover collateral securities that are in the possession of an outside party. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Deposit balances (bank balances) at August 31, 2010 were secured as follows:

|   |                   |
|---|-------------------|
| Bank balances                               | <u>\$ 651,374</u> |
| Federal deposit insurance                   | 565,665           |
| Pledged securities                          | <u>85,709</u>     |
| Total FDIC insurance and pledged securities | <u>\$ 651,374</u> |

As of August 31, 2010, the Village's total bank balances were fully insured and collateralized with securities held in the name of the Village by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

### (5) Receivables

Receivables at August 31, 2010 of \$52,614 consist of the following:

|                   | <u>General</u>  | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Utility</u>   | <u>Total</u>     |
|-------------------|-----------------|----------------------------|-------------------------|------------------|------------------|
| Ad valorem tax    | \$ 115          | \$ -                       | \$ 23                   | \$ -             | \$ 138           |
| Sales tax         | -               | 8,526                      | -                       | -                | 8,526            |
| Accounts -        |                 |                            |                         |                  |                  |
| Utility billings  | -               | -                          | -                       | 42,779           | 42,779           |
| Other receivables | 1,000           | -                          | -                       | -                | 1,000            |
| Interest          | -               | -                          | 1                       | 170              | 171              |
| Totals            | <u>\$ 1,115</u> | <u>\$ 8,526</u>            | <u>\$ 24</u>            | <u>\$ 42,949</u> | <u>\$ 52,614</u> |

### (6) Restricted Assets

Restricted assets consisted of the following at August 31, 2010:

|                                   | <u>Water<br/>System</u> | <u>Sewer<br/>System</u> | <u>Total</u>      |
|-----------------------------------|-------------------------|-------------------------|-------------------|
| Customer Deposit Fund             | \$ 41,160               | \$ 6,633                | \$ 47,793         |
| Sinking Fund                      | 4,451                   | 11,856                  | 16,307            |
| Revenue Bond Reserve Fund         | 4,216                   | 42,372                  | 46,588            |
| Short Lived Asset Fund            | 4,016                   | -                       | 4,016             |
| State Sewer Grant Fund            | -                       | 28,544                  | 28,544            |
| Depreciation and Contingency Fund | 4,217                   | 18,094                  | 22,311            |
| Accrued interest                  | 289                     | 132                     | 421               |
|                                   | <u>\$ 58,349</u>        | <u>\$ 107,631</u>       | <u>\$ 165,980</u> |

# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

(7) Capital Assets

Capital asset activity for the year ended August 31, 2010 was as follows:

|  | Balance<br>09/01/09 | Additions          | Deletions         | Balance<br>08/31/10 |
|--|---------------------|--------------------|-------------------|---------------------|
| Governmental activities:                         |                     |                    |                   |                     |
| Capital assets not being depreciated -           |                     |                    |                   |                     |
| Land   | \$ 7,000            | \$ -               | \$ -              | \$ 7,000            |
| Other capital assets -                           |                     |                    |                   |                     |
| Buildings  | 228,555             | -                  | -                 | 228,555             |
| Equipment, furniture and fixtures                | 84,680              | 4,050              | 34,575            | 54,155              |
| Infrastructure                                   | 96,452              | -                  | -                 | 96,452              |
| Totals   | <u>416,687</u>      | <u>4,050</u>       | <u>34,575</u>     | <u>386,162</u>      |
| Less accumulated depreciation -                  |                     |                    |                   |                     |
| Buildings  | 110,016             | 3,942              | -                 | 113,958             |
| Equipment, furniture and fixtures                | 52,392              | 10,344             | 30,169            | 32,567              |
| Infrastructure                                   | 25,689              | 5,302              | -                 | 30,991              |
| Total accumulated depreciation                   | <u>188,097</u>      | <u>19,588</u>      | <u>30,169</u>     | <u>237,854</u>      |
| Governmental activities,<br>capital assets, net  | <u>\$ 228,590</u>   | <u>\$ (15,538)</u> | <u>\$ 4,406</u>   | <u>\$ 208,646</u>   |
| Business-type activities:                        |                     |                    |                   |                     |
| Capital assets not being depreciated -           |                     |                    |                   |                     |
| Construction in progress                         | \$ 137,542          | \$ -               | \$ 137,542        | \$ -                |
| Other capital assets -                           |                     |                    |                   |                     |
| Water system                                     | 3,220,861           | 288,462            | 675               | 3,508,648           |
| Sewer system                                     | 1,730,066           | 9,264              | -                 | 1,739,330           |
| Totals   | <u>5,088,469</u>    | <u>297,726</u>     | <u>138,217</u>    | <u>5,247,978</u>    |
| Less accumulated depreciation -                  |                     |                    |                   |                     |
| Water system                                     | 871,686             | 118,555            | 306               | 989,935             |
| Sewer system                                     | 774,339             | 69,316             | -                 | 843,655             |
| Total accumulated depreciation                   | <u>1,646,025</u>    | <u>187,871</u>     | <u>306</u>        | <u>1,833,590</u>    |
| Business-type activities,<br>capital assets, net | <u>\$3,442,444</u>  | <u>\$ 109,855</u>  | <u>\$ 137,911</u> | <u>\$3,414,388</u>  |

# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

|                            |                  |
|----------------------------|------------------|
| General government         | \$ 3,091         |
| Police                     | 11,010           |
| Streets & sidewalks        | 4,006            |
| Recreation                 | 1,481            |
| Total depreciation expense | <u>\$ 19,588</u> |

Depreciation expense was charged to business-type activities as follows:

|                            |                  |
|----------------------------|------------------|
| Water                      | \$118,555        |
| Sewer                      | 69,316           |
| Total depreciation expense | <u>\$187,871</u> |

### (8) Accounts and Other Payables

The accounts and other payables of \$7,989 consisted of the following at August 31, 2010:

|          | Governmental<br>Activities | Business-type<br>Activities | Total           |
|----------|----------------------------|-----------------------------|-----------------|
| Accounts | <u>\$ 2,634</u>            | <u>\$ 5,355</u>             | <u>\$ 7,989</u> |

### (9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended August 31, 2010:

#### General Long-Term Debt – Governmental Activities

|                          | Balance<br>09/01/09 | Additions   | Deletions       | Balance<br>08/31/10 |
|--------------------------|---------------------|-------------|-----------------|---------------------|
| General obligation bonds | \$ 5,000            | \$ -        | \$ 1,000        | \$ 4,000            |
| Public Improvements      | 5,000               | -           | 1,000           | 4,000               |
| Total                    | <u>\$ 10,000</u>    | <u>\$ -</u> | <u>\$ 2,000</u> | <u>\$ 8,000</u>     |



# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### General Long-Term Debt – Business-type Activities

|                                 | Balance<br>09/01/09 | Additions   | Deletions        | Balance<br>08/31/10 |
|---------------------------------|---------------------|-------------|------------------|---------------------|
| Sewer Revenue Bonds             | \$ 53,000           | \$ -        | \$ 10,000        | \$ 43,000           |
| Water Revenue Bonds             | 980,000             | -           | 8,111            | 971,889             |
| Water Revenue Bond Amortization | (14,558)            | -           | (373)            | (14,185)            |
| Total                           | <u>\$1,018,442</u>  | <u>\$ -</u> | <u>\$ 17,738</u> | <u>\$1,000,704</u>  |

Long-term debt payable at August 31, 2010 is comprised of the following individual issues:

|   | Balance<br>8/31/10 | Due Within<br>One Year |
|---|--------------------|------------------------|
| General Obligation Bonds:   |                    |                        |
| \$30,000 of 1974 Sewer System Improvement serial bonds dated September 16, 1974, due in annual installments of \$1,000 through January 1, 2014; interest at 5 percent; secured by a pledge of ad valorem tax revenue. | \$ 4,000           | \$ 1,000               |
| \$30,000 of 1974 Public Improvement serial bonds dated September 16, 1974, due in annual installments of \$1,000 through January 1, 2014; interest at 5 percent; secured by a pledge of ad valorem tax revenue.       | 4,000              | 1,000                  |
| Total General Obligation Indebtedness   | <u>\$ 8,000</u>    | <u>\$ 2,000</u>        |

# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

|   | <u>Balance<br/>8/31/10</u> | <u>Due Within<br/>One Year</u> |
|---|----------------------------|--------------------------------|
| <b>Revenue Bond and Notes Payable:</b>  |                            |                                |
| \$188,000 of 1974 Sewer Revenue serial bonds dated September 16, 1974, due in annual installments of \$8,000 to \$11,000 through January 1, 2014; interest at 5 percent; secured sewer system revenues.         | 43,000                     | 10,000                         |
| \$980,000 of 2008 Water Revenue serial bonds dated October 28, 2008, due in monthly installments of \$5,824 to \$50,976 through October 28, 2048; interest at 4.38 percent; secured with water system revenues. | <u>971,889</u>             | <u>10,131</u>                  |
| <b>Total Revenue Bond and Notes Payables</b>  | <b>1,014,889</b>           | <b>20,131</b>                  |
| \$14,931 of deferred bond issue costs incurred with the \$980,000 Water Revenue serial bonds dated October 28, 2008, and amortized over 40 years until the bond matures in October 28, 2048.                    | <u>(14,185)</u>            | <u>(373)</u>                   |
| <b>Net Revenue Bond and Notes Payables</b>  | <b><u>\$1,000,704</u></b>  | <b><u>\$ 19,758</u></b>        |

Annual debt service requirements to maturity are as follows:

| Year Ending<br>June 30 | <u>Governmental Activities</u><br><u>General Obligation Bonds</u> |                              |                        |
|------------------------|---|------------------------------|------------------------|
|                        | <u>Principal<br/>Payments</u>                                     | <u>Interest<br/>Payments</u> | <u>Total</u>           |
| 2011                   | 2,000   | 400                          | 2,400                  |
| 2012                   | 2,000   | 300                          | 2,300                  |
| 2013                   | 2,000   | 200                          | 2,200                  |
| 2014                   | <u>2,000</u>  | <u>100</u>                   | <u>2,100</u>           |
|                        | <b><u>\$ 8,000</u></b>  | <b><u>\$ 1,000</u></b>       | <b><u>\$ 9,000</u></b> |

# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

| Year Ending<br>June 30 | Business-type Activities    |                      |                     |
|------------------------|-----------------------------|----------------------|---------------------|
|                        | Revenue Bonds               |                      |                     |
|                        | Principal<br>Payments (Net) | Interest<br>Payments | Total               |
| 2011                   | \$ 19,758                   | \$ 44,469            | \$ 64,227           |
| 2012                   | 21,210                      | 43,516               | 64,726              |
| 2013                   | 21,683                      | 43,044               | 64,727              |
| 2014                   | 22,176                      | 41,450               | 63,626              |
| 2015                   | 11,692                      | 40,385               | 52,077              |
| 2016-2020              | 67,033                      | 193,349              | 260,382             |
| 2021-2025              | 83,846                      | 176,536              | 260,382             |
| 2026-2030              | 104,762                     | 155,321              | 260,083             |
| 2031-2035              | 130,782                     | 129,601              | 260,383             |
| 2036-2040              | 163,151                     | 97,232               | 260,383             |
| 2041-2045              | 203,420                     | 57,229               | 260,649             |
| 2046-2049              | 151,191                     | 10,914               | 162,105             |
|                        | <u>\$ 1,000,704</u>         | <u>\$ 1,033,046</u>  | <u>\$ 2,033,750</u> |

On October 31, 2007 the Village adopted a resolution for the issuance of a \$980,000 bond anticipation note. This bond anticipation note was issued as part of a long-term financing program where the note is issued and then ultimately refinanced with long term debt. The Village issued a Water Revenue Bond, Series 2008 on October 28, 2008 bearing interest at the rate of 4 3/8% per annum. The bond is payable over a 40 year period with the maturity date of October 28, 2048.

### (10) Flow of Funds: Restrictions on Use – Sewer Revenues

The revenues of the sewer system are partially pledged to retire the sewer revenue bonds dated September 16, 1974.

The bond resolution of the 1974 Issue of Bonds requires the establishment and maintenance of the following bank accounts:

Sewer Revenue Bond and Interest Sinking Fund  
Sewer Reserve Fund  
Sewer Depreciation Fund

The Sewer Fund is to transfer to the Sewer Revenue Bond and Interest Sinking Fund on a monthly basis, a sum not less than one-twelfth (1/12<sup>th</sup>) of the amount of the principal which will become due on the next following payment date and not less than one-sixth (1/6<sup>th</sup>) of the amount of the interest due on the next following payment date. In addition to these transfers the Sewer Fund is to transfer to the Sewer Reserve Fund five percent (5%) of the amount to be paid to the Sinking Fund until a total of \$12,650 is accumulated therein. In addition, the Sewer Fund is to transfer \$40 per month into the Sewer Depreciation Fund.

For the year ended August 31, 2010, all required transfers were adequate.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

(10) Flow of Funds: Restrictions on Use – Water Revenues

The revenues of the water system are partially pledged to retire the water revenue bonds dated October 28, 2008.

The bond resolution of the 2008 Issue of Bonds requires the establishment and maintenance of the following bank accounts:

Water Revenue Bond and Interest Sinking Fund  
Water Reserve Fund  
Water Depreciation and Contingency Fund  
Short Lived Asset Fund

The Water Fund is to transfer to the Water Revenue Bond and Interest Sinking Fund a sum of \$3,573 annually for the period of November 2008 through October 2009 and a sum of \$4,371 annually for the period of November 2009 through October 2048. In addition to these transfers the Water Fund is to transfer to the Water Reserve Fund on a monthly basis, a sum of \$179 per month for the period of November 2008 through October 2009, and a sum of \$219 per month for the period of November 2009 through October 2048 until \$52,450 has been accumulated into the Reserve Fund. In addition, the Water Fund is to transfer \$179 per month into the Water Depreciation and Contingency Fund for the period of November 2008 through October 2009 and a sum of \$219 per month for the period of November 2009 through October 2048 until \$52,450 has been accumulated into the Contingency Fund. In addition, upon completion and acceptance of the waterworks improvements, the Water Fund is to transfer to the Short Lived Asset Fund a sum of \$200 per month on the 20<sup>th</sup> day of each month until a sum of \$49,000 has been accumulated into the Short Lived Asset Fund.

For the year ended August 31, 2010, all required transfers were adequate.

(11) Retirement Commitments

As of August 31, 2010 all employees of the Village were members of the Social Security System. Social Security paid during the fiscal year ended August 31, 2010 was \$16,665 on qualified payroll of \$222,180.

(12) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. There were no encumbrances outstanding at year-end.

(13) Litigation and Claims

At August 31, 2010, the Village is involved in one lawsuit claiming damages. This claim seeks monetary damages in a significant amount, estimated at \$108,000 plus interest. The Village plans to settle this claim by providing utility services for three years. However, the Village has not and does not plan to appropriate any funds to satisfy interest portion of the claim. As of April 1, 2011 the Village is in the process of coming to a final settlement agreement.

# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### (14) Segment Information for the Enterprise Fund

The Village of Hessmer maintains two enterprise funds which provide water and sewerage services. Segment information for the year ended August 31, 2010, was as follows:

|                          | Water<br>Utility | Sewer<br>Utility | Total<br>Enterprise<br>Funds |
|--------------------------|------------------|------------------|------------------------------|
| Operating revenues       | \$ 317,212       | \$ 48,049        | \$ 365,261                   |
| Operating expenses:      |                  |                  |                              |
| Depreciation             | 118,554          | 69,317           | 187,871                      |
| Other                    | 166,559          | 60,143           | 226,702                      |
| Total operating expenses | 285,113          | 129,460          | 414,573                      |
| Operating income (loss)  | \$ 32,099        | \$ (81,411)      | \$ (49,312)                  |

### (15) Compensation Paid Board Members

The Village paid the Mayor the following salary and the aldermen the following per diem:

| Elected Official | Office   | Term    | Amount Paid     | Term Expiration   |
|------------------|----------|---------|-----------------|-------------------|
| Lynn Bordelon    | Mayor    | 4 years | \$ 6,000        | December 31, 2012 |
| Robert P. Roy    | Alderman | 4 years | 600             | December 31, 2012 |
| Susan Jeansonne  | Alderman | 4 years | 600             | December 31, 2012 |
| Scott Kelly      | Alderman | 4 years | 600             | December 31, 2012 |
|                  |          |         | <u>\$ 7,800</u> |                   |

### (16) Risk Management

The Village is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There were no significant reductions in the insurance coverage during the year.

# VILLAGE OF HESSMER, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### (17) Interfund Transactions

#### A. Receivables/payables

Interfund receivable/payable balances consisted of the following at August 31, 2010:

|                    | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|--------------------|----------------------------------|-------------------------------|
| General Fund       | \$ 3,364                         | \$ -                          |
| Enterprise funds - |                                  |                               |
| Water Utility Fund | -                                | 3,364                         |
| Total              | <u>\$ 3,364</u>                  | <u>\$ 3,364</u>               |

#### B. Transfers

Transfers consisted of the following at August 31, 2010:

|                    | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------|---------------------|----------------------|
| General Fund       | \$ 83,105           | \$ 8,881             |
| Sales Tax Fund     | -                   | 39,377               |
| Debt Service Fund  | -                   | 3,000                |
| Enterprise funds:  |                     |                      |
| Water Utility Fund | 9,512               | 73,410               |
| Sewer Utility Fund | 32,051              | -                    |
| Total              | <u>\$ 124,668</u>   | <u>\$ 124,668</u>    |

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### (18) Subsequent Events Review

The Village has evaluated subsequent events through April 1, 2011, the date which the financial statements were available to be issued.

### (19) New Accounting Pronouncements

The Governmental Accounting Standards board (GASB) issued Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The Village is required to implement this standard for the fiscal year ended August 31, 2011. The Village has not yet determined the full impact that the adoption of GASB Statement 54 will have on the financial statements.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

VILLAGE OF HESSMER, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended August 31, 2010

|  | Budget           |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  |   |
| Revenues:  |                  |                  |                  |   |
| Taxes  | \$ 54,700        | \$ 57,100        | \$ 56,383        | \$ (717)  |
| Licenses and permits   | 33,000           | 34,400           | 34,372           | (28)  |
| Intergovernmental  | 19,100           | 17,900           | 17,578           | (322)   |
| Fines and forfeits   | 60,000           | 50,600           | 50,292           | (308)   |
| Miscellaneous  | 45,800           | 45,050           | 44,807           | (243)   |
| Total revenues   | <u>212,600</u>   | <u>205,050</u>   | <u>203,432</u>   | <u>(1,618)</u>  |
| Expenditures:  |                  |                  |                  |   |
| General government:  | 50,025           | 60,250           | 59,764           | 486   |
| Public safety:   |                  |                  |                  |   |
| Police   | 138,725          | 179,075          | 179,799          | (724)   |
| Fire   | 38,000           | 38,000           | 38,003           | (3)   |
| Recreation   | 7,200            | 6,500            | 6,559            | (59)  |
| Streets and sidewalks  | 34,725           | 37,300           | 33,320           | 3,980   |
| Total expenditures   | <u>268,675</u>   | <u>321,125</u>   | <u>317,445</u>   | <u>3,680</u>  |
| Deficiency of revenues<br>over expenditures                                      | <u>(56,075)</u>  | <u>(116,075)</u> | <u>(114,013)</u> | <u>2,062</u>  |
| Other financing sources (uses):  |                  |                  |                  |   |
| Transfers from -   |                  |                  |                  |   |
| Sales tax fund   | 8,400            | 13,700           | 13,400           | (300)   |
| Debt service fund  | -                | 3,000            | 3,000            | -   |
| Water utility fund   | 48,000           | 66,705           | 66,705           | -   |
| Transfers to -   |                  |                  |                  |   |
| Sewer utility fund   | -                | (8,881)          | (8,881)          | -   |
| Total other financing sources (uses)   | <u>56,400</u>    | <u>74,524</u>    | <u>74,224</u>    | <u>(300)</u>  |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures | 325              | (41,551)         | (39,789)         | 1,762   |
| Fund balance, beginning  | <u>67,126</u>    | <u>67,126</u>    | <u>67,126</u>    | <u>-</u>  |
| Fund balance, ending   | <u>\$ 67,451</u> | <u>\$ 25,575</u> | <u>\$ 27,337</u> | <u>\$ 1,762</u>   |



VILLAGE OF HESSMER, LOUISIANA  
Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended August 31, 2010

|  | <u>Budget</u>    |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|------------------|---|
|  | <u>Original</u>  | <u>Final</u>     |                  |   |
| Revenues:  |                  |                  |                  |   |
| Taxes  | \$ 75,500        | \$ 70,700        | \$ 74,192        | \$ 3,492  |
| Miscellaneous - interest   | <u>1,200</u>     | <u>650</u>       | <u>609</u>       | <u>(41)</u>   |
| Total revenues   | 76,700           | 71,350           | 74,801           | 3,451   |
| Expenditures:  |                  |                  |                  |   |
| General government   | <u>38,350</u>    | <u>12,048</u>    | <u>9,372</u>     | <u>2,676</u>  |
| Excess of revenues over<br>expenditures                          | 38,350           | 59,302           | 65,429           | 6,127   |
| Other financing uses:  |                  |                  |                  |   |
| Transfers out  | <u>-</u>         | <u>(32,477)</u>  | <u>(39,377)</u>  | <u>(6,900)</u>  |
| Excess of revenues over expenditures<br>and other financing uses | 38,350           | 26,825           | 26,052           | (773)   |
| Fund balances, beginning   | <u>110,725</u>   | <u>110,725</u>   | <u>110,725</u>   | <u>-</u>  |
| Fund balances, ending  | <u>\$149,075</u> | <u>\$137,550</u> | <u>\$136,777</u> | <u>\$ (773)</u>   |

VILLAGE OF HESSMER, LOUISIANA  
Debt Service Fund

Budgetary Comparison Schedule  
For the Year Ended August 31, 2010

|   | Budget           |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------|---|
|   | Original         | Final            |                  |   |
| Revenues:   |                  |                  |                  |   |
| Ad valorem taxes  | \$ 8,000         | \$ 3,749         | \$ 3,765         | \$ 16   |
| Miscellaneous - interest  | 100              | 50               | 100              | 50  |
| Total revenues  | <u>8,100</u>     | <u>3,799</u>     | <u>3,865</u>     | <u>66</u>   |
| Expenditures:   |                  |                  |                  |   |
| Debt service -  |                  |                  |                  |   |
| Principal retirement  | 2,000            | 2,000            | 2,000            | -   |
| Interest and fiscal charges   | 500              | 500              | 500              | -   |
| Legal and professional  | 500              | 500              | 500              | -   |
| Office Supplies & bank charges  | -                | 225              | 228              | (3)   |
| Assessor's charge and postage   | 450              | 450              | 457              | (7)   |
| Total expenditures  | <u>3,450</u>     | <u>3,675</u>     | <u>3,685</u>     | <u>(10)</u>   |
| Excess of revenues over expenditures  | 4,650            | 124              | 180              | 56  |
| Other financing uses:   |                  |                  |                  |   |
| Transfers out   | <u>-</u>         | <u>(3,000)</u>   | <u>(3,000)</u>   | <u>-</u>  |
| Excess (deficiency) of revenues and other<br>financing uses over expenditures | 4,650            | (2,876)          | (2,820)          | 56  |
| Fund balance, beginning   | <u>27,753</u>    | <u>27,753</u>    | <u>27,753</u>    | <u>-</u>  |
| Fund balance, ending  | <u>\$ 32,403</u> | <u>\$ 24,877</u> | <u>\$ 24,933</u> | <u>\$ 56</u>  |

## **OTHER SUPPLEMENTARY INFORMATION**

## **OTHER FINANCIAL INFORMATION**

VILLAGE OF HESSMER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended August 31, 2010

|                                     | Budget           |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------|------------------|------------------|------------------|---|
|                                     | Original         | Final            |                  |   |
| <b>Taxes:</b>                       |                  |                  |                  |   |
| Ad valorem                          | \$ 13,300        | \$ 18,100        | \$ 18,604        | 504   |
| Franchise -                         |                  |                  |                  |   |
| Electric                            | 30,500           | 25,300           | 25,286           | (14)  |
| Gas                                 | 5,200            | 4,200            | 4,209            | 9   |
| Cable TV                            | 5,700            | 9,500            | 8,284            | (1,216)   |
| Total taxes                         | <u>54,700</u>    | <u>57,100</u>    | <u>56,383</u>    | <u>(717)</u>  |
| <br><b>Licenses and permits:</b>    |                  |                  |                  |   |
| Occupational licenses               | <u>33,000</u>    | <u>34,400</u>    | <u>34,372</u>    | <u>(28)</u>   |
| <br><b>Intergovernmental:</b>       |                  |                  |                  |   |
| State of Louisiana -                |                  |                  |                  |   |
| Department of Revenue and Taxation: |                  |                  |                  |   |
| Beer taxes                          | 2,900            | 3,000            | 2,999            | (1)   |
| 2% Fire insurance rebate            | 12,100           | 10,900           | 10,869           | (31)  |
| Avoyelles Parish Police Jury        |                  |                  |                  |   |
| Rural fire                          | 1,200            | 1,100            | 810              | (290)   |
| Department of Transportation:       |                  |                  |                  |   |
| Grass cutting                       | <u>2,900</u>     | <u>2,900</u>     | <u>2,900</u>     | <u>-</u>  |
| Total intergovernmental             | <u>19,100</u>    | <u>17,900</u>    | <u>17,578</u>    | <u>(322)</u>  |
| <br><b>Fines and forfeits:</b>      |                  |                  |                  |   |
| Fines and court costs               | <u>60,000</u>    | <u>50,600</u>    | <u>50,292</u>    | <u>(308)</u>  |
| <br><b>Miscellaneous:</b>           |                  |                  |                  |   |
| Interest                            | 600              | 500              | 311              | (189)   |
| Casino funds                        | 35,000           | 32,300           | 32,287           | (13)  |
| Rental                              | 9,700            | 9,700            | 9,720            | 20  |
| Grant                               | -                | 1,500            | 1,500            | -   |
| Other sources                       | <u>500</u>       | <u>1,050</u>     | <u>989</u>       | <u>(61)</u>   |
| Total miscellaneous                 | <u>45,800</u>    | <u>45,050</u>    | <u>44,807</u>    | <u>(243)</u>  |
| <br><b>Total revenues</b>           | <u>\$212,600</u> | <u>\$205,050</u> | <u>\$203,432</u> | <u>\$ (1,618)</u>                                       |

# VILLAGE OF HESSMER, LOUISIANA

## General Fund

### Budgetary Comparison Schedule - Expenditures For the Year Ended August 31, 2010

|                              | Budget    |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------|-----------|-----------|-----------|---|
|                              | Original  | Final     |           |   |
| General government:          |           |           |           |   |
| Administration:              |           |           |           |   |
| Salaries                     | \$ 24,725 | \$ 26,000 | \$ 25,962 | \$ 38   |
| Per diem - Aldermen          | 1,800     | 1,800     | 1,800     | -   |
| Payroll taxes                | 1,900     | 2,000     | 1,251     | 749   |
| Insurance                    | 350       | 5,300     | 3,733     | 1,567   |
| Printing                     | 1,750     | 1,525     | 1,504     | 21  |
| Office supplies and expenses | 1,800     | 2,350     | 2,172     | 178   |
| Dues & subscriptions         | 700       | 625       | 634       | (9)   |
| Legal and professional fees  | 10,000    | 12,900    | 12,910    | (10)  |
| Repairs & maintenance        | 50        | 200       | 327       | (127)   |
| Clerk's expenses             | 300       | 300       | 300       | -   |
| Coroner Fees                 | 100       | 100       | 100       | -   |
| Travel & convention          | 2,500     | 2,500     | 4,569     | (2,069)   |
| Utilities & telephone        | 3,900     | 4,550     | 4,502     | 48  |
| Miscellaneous                | 150       | 100       | -         | 100   |
| Total general government     | 50,025    | 60,250    | 59,764    | 486   |
| Public safety -              |           |           |           |   |
| Police:                      |           |           |           |   |
| Salaries                     | 83,400    | 115,300   | 116,818   | (1,518)   |
| Payroll taxes                | 6,375     | 8,700     | 9,459     | (759)   |
| Uniforms                     | 1,250     | 500       | 482       | 18  |
| Fuel & oil                   | 12,500    | 13,500    | 13,556    | (56)  |
| Repairs & maintenance        | 3,300     | 4,000     | 3,679     | 321   |
| Dues & subscriptions         | 350       | 100       | 100       | -   |
| Insurance                    | 14,000    | 16,800    | 15,557    | 1,243   |
| Supplies                     | 2,400     | 2,200     | 2,026     | 174   |
| Utilities & Telephone        | 7,000     | 6,950     | 7,049     | (99)  |
| Legal and professional fees  | -         | 600       | 600       | -   |
| Court costs                  | 5,300     | 7,000     | 8,472     | (1,472)   |
| Prisoner expense             | 600       | 875       | 1,014     | (139)   |
| Miscellaneous                | 2,250     | 2,550     | 987       | 1,563   |
| Total police                 | 138,725   | 179,075   | 179,799   | (724)   |

(Continued)

VILLAGE OF HESSMER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (continued)  
For the Year Ended August 31, 2010

|                             | Budget           |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------|------------------|------------------|------------------|---|
|                             | Original         | Final            |                  |   |
| Fire:                       |                  |                  |                  |   |
| Salaries                    | 12,000           | 15,000           | 14,740           | 260   |
| Payroll taxes               | 1,000            | 1,475            | 1,395            | 80  |
| Insurance                   | 10,000           | 10,000           | 9,245            | 755   |
| Supplies                    | 3,000            | 2,300            | 2,944            | (644)   |
| Fuel & oil                  | 3,500            | 2,850            | 3,485            | (635)   |
| Repairs & maintenance       | 2,500            | 2,700            | 2,487            | 213   |
| Utilities & telephone       | 4,500            | 2,600            | 2,724            | (124)   |
| Miscellaneous               | 1,500            | 1,075            | 983              | 92  |
| Total fire                  | <u>38,000</u>    | <u>38,000</u>    | <u>38,003</u>    | <u>(3)</u>  |
| Recreation -                |                  |                  |                  |   |
| Youth / civic programs      | 6,700            | 6,000            | 6,069            | (69)  |
| Adopt-A-Flag program        | 500              | 500              | 490              | 10  |
| Total recreation            | <u>7,200</u>     | <u>6,500</u>     | <u>6,559</u>     | <u>(59)</u>   |
| Streets and sidewalks -     |                  |                  |                  |   |
| Salaries                    | 8,300            | 8,300            | 8,400            | (100)   |
| Payroll taxes               | 650              | 650              | -                | 650   |
| Repairs & maintenance       | 400              | 200              | 227              | (27)  |
| Fuel & oil                  | 50               | 500              | 405              | 95  |
| Supplies                    | 2,000            | 2,075            | 1,985            | 90  |
| Street lights and power     | 18,100           | 14,850           | 14,827           | 23  |
| Insurance                   | 50               | 4,050            | 927              | 3,123   |
| Legal & professional        | -                | 750              | 765              | (15)  |
| Animal control              | 5,000            | 5,500            | 5,400            | 100   |
| Utilities                   | 125              | 175              | 184              | (9)   |
| Miscellaneous               | 50               | 250              | 200              | 50  |
| Total streets and sidewalks | <u>34,725</u>    | <u>37,300</u>    | <u>33,320</u>    | <u>3,980</u>  |
| Total expenditures          | <u>\$268,675</u> | <u>\$321,125</u> | <u>\$317,445</u> | <u>\$ 3,680</u>   |

VILLAGE OF HESSMER, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
August 31, 2010 and 2009

Records maintained by the Village indicated the following number of customers were being serviced during the month of August, 2010 and 2009:

| <u>Department</u> | <u>2010</u>  | <u>2009</u>  |
|-------------------|--------------|--------------|
| Water:            |              |              |
| Commercial        | 54           | 56           |
| Residential       | <u>973</u>   | <u>971</u>   |
| Total             | <u>1,027</u> | <u>1,027</u> |
| Sewerage:         |              |              |
| Commercial        | 25           | 26           |
| Residential       | <u>250</u>   | <u>255</u>   |
| Total             | <u>275</u>   | <u>281</u>   |



VILLAGE OF HESSMER, LOUISIANA

Schedule of Insurance In Force  
(Unaudited)  
August 31, 2010

| <u>Description of Coverage</u> | <u>Asset Covered</u> | <u>Ins. Co.</u> | <u>Policy Number</u> | <u>Expiration Date</u> |
|--------------------------------|----------------------|-----------------|----------------------|------------------------|
| Workmen's compensation         | Employees            | Risk Management | WC-0105              | 1/1/11                 |
| Fire                           | Water Plant          | St. Paul        | GP0931241            | 5/1/11                 |
|                                | Community Center     | St. Paul        | GP0931241            | 5/1/11                 |
|                                | City Hall            | St. Paul        | GP0931241            | 5/1/11                 |
| General Liability              | N/A                  | St. Paul        | GP-0931241           | 5/1/11                 |
| Physical Damage                | Vehicles             | St. Paul        | GP-0931241           | 5/1/11                 |
| Blanket Bond                   | Clerk                | Ohio Casualty   | 3-419-983            | 11/17/10               |
| Blanket Bond                   | Mayor                | Ohio Casualty   | 3-425-531            | 12/16/10               |
| Blanket Bond                   | Chief of Police      | Ohio Casualty   | 3-425-530            | 12/14/10               |
| General Liability              | Fire Department      | Special Risk    | CL0023935            | 5/1/11                 |

VILLAGE OF HESSMER, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Departmental Analysis of Revenues and Expenses  
Years Ended August 31, 2010 and 2009

|                                | Totals             |                    | Water            |                  | Sewer              |                    |
|--------------------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|
|                                | 2010               | 2009               | 2010             | 2009             | 2010               | 2009               |
| Operating revenues:            |                    |                    |                  |                  |                    |                    |
| Water sales                    | 309,125            | 307,675            | 309,125          | 307,675          | -                  | -                  |
| Sewerage sales                 | 48,049             | 48,359             | -                | -                | 48,049             | 48,359             |
| Installation and other charges | 8,087              | 8,381              | 8,087            | 8,381            | -                  | -                  |
| Total operating revenues       | <u>365,261</u>     | <u>364,415</u>     | <u>317,212</u>   | <u>316,056</u>   | <u>48,049</u>      | <u>48,359</u>      |
| Operating expenses:            |                    |                    |                  |                  |                    |                    |
| Salaries and labor             | 56,260             | 58,643             | 36,210           | 35,888           | 20,050             | 22,755             |
| Payroll taxes                  | 4,286              | 3,712              | 2,752            | 2,738            | 1,534              | 974                |
| Depreciation                   | 187,871            | 149,232            | 118,554          | 81,722           | 69,317             | 67,510             |
| Maintenance and repairs        | 34,714             | 30,968             | 31,174           | 25,146           | 3,540              | 5,822              |
| Office supplies                | 6,064              | 4,927              | 6,033            | 4,806            | 31                 | 121                |
| Legal & professional           | 8,217              | 7,612              | 7,917            | 5,850            | 300                | 1,762              |
| Insurance                      | 22,779             | 19,945             | 13,151           | 7,542            | 9,628              | 12,403             |
| Fuel & oil                     | 3,061              | 3,484              | 3,061            | 3,484            | -                  | -                  |
| Chemicals & supplies           | 34,117             | 40,680             | 27,680           | 35,142           | 6,437              | 5,538              |
| Utilities and telephone        | 28,332             | 29,579             | 16,356           | 18,471           | 11,976             | 11,108             |
| Laboratory testing             | 6,831              | 4,758              | 1,626            | 720              | 5,205              | 4,038              |
| Other                          | 22,041             | 25,854             | 20,599           | 23,447           | 1,442              | 2,407              |
| Total operating expenses       | <u>414,573</u>     | <u>379,394</u>     | <u>285,113</u>   | <u>244,956</u>   | <u>129,460</u>     | <u>134,438</u>     |
| Net operating income (loss)    | <u>\$ (49,312)</u> | <u>\$ (14,979)</u> | <u>\$ 32,099</u> | <u>\$ 71,100</u> | <u>\$ (81,411)</u> | <u>\$ (86,079)</u> |

VILLAGE OF HESSMER, LOUISIANA  
Enterprise Fund  
Utility Fund

Accounts Receivable Aging  
(Unaudited)  
August 31, 2010

Records maintained by the Village indicated accounts receivables aging as follows:

| <u>Department</u>          | <u>2010</u>   |
|----------------------------|---------------|
| <b>Water and Sewerage:</b> |               |
| Current                    | 24,091        |
| 30 to 60 days              | 10,019        |
| 61 to 90 days              | 3,671         |
| Over 90 days               | <u>4,998</u>  |
| Total                      | <u>42,779</u> |

VILLAGE OF HESSMER, LOUISIANA

Enterprise Fund

Utility Fund

Utility Rate Schedule

(Unaudited)

August 31, 2010

Records maintained by the Village indicated utility rates as follows:

| Water and Sewerage Department   | Rate per Gallon                                 | Flat Rate | Minimum Charge              |
|---------------------------------|---|-----------|-----------------------------|
| Water in town - residential     | \$1.95 per thousand gallons after 2,000 gallons |           | \$11.50 up to 2,000 gallons |
| Water out of town - residential | \$1.95 per thousand gallons after 2,000 gallons |           | \$17.50 up to 2,000 gallons |
| Water in town - commercial      | \$3.80 per gallon                               |           | \$11.50 up to 2,000 gallons |
| Water out of town - commercial  | \$3.80 per gallon                               |           | \$17.50 up to 2,000 gallons |
| Nursing home sprinkler          | \$3.80 per gallon                               | \$ 13.40  |                             |
| Twin Oaks mobile home           | \$3.80 per gallon                               | \$ 47.50  |                             |
| Voinche Trailer Park            | \$3.80 per gallon                               | \$ 30.00  |                             |
| Sewer residential               | -   | \$ 11.50  |                             |
| Sewer commercial                | -   | \$ 18.50  |                             |

**COMPLIANCE, INTERNAL CONTROL  
AND  
OTHER GRANT INFORMATION**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable James "Lynn" Bordelon, Mayor  
and Members of the Board of Aldermen  
Village of Hessmer, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Hessmer, Louisiana (the Village) as of and for the year ended August 31, 2010, which collectively comprise the Village of Hessmer, Louisiana's basic financial statements and have issued our report thereon dated April 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying summary schedule of current and prior year audit findings and corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the control deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 02-01(IC) and 07-01(IC) to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that was required to be reported under Government Auditing Standards which is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 10-01(C).

The Village's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. We do not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Village's management and Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Hessmer, Louisiana  
April 1, 2011

VILLAGE OF HESSMER, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan  
Year Ended August 31, 2010

| Ref No.                       | Fiscal Year | Findings Initially Occurred | Description of finding  | Corrective Action Taken | Corrective Action Planned  | Name of Contact Person    | Anticipated Completion Date |
|-------------------------------|-------------|-----------------------------|---|-------------------------|--|---------------------------|-----------------------------|
| <u>CURRENT YEAR (8/31/10)</u> |             |                             |   |                         |  |                           |                             |
| <u>Compliance</u>             |             |                             |   |                         |  |                           |                             |
| 10-01(C)                      | 8/31/2010   |                             | Failure to submit financial statements in accordance with Louisiana RS 24:516. The Village's annual financial statements must be filed with the Louisiana Legislative Auditor within six months of fiscal year end. Due to the waiting on a response from the Village's Attorney concerning pending litigation, the audit could not be completed within the six month time frame. |                         | Reports will be submitted to the Louisiana Legislative Auditor in accordance with time requirements in future years. | Mayor James Lynn Bordelon | 8/31/2011                   |

Internal Control:

|          |         |  |   |  |   |                           |     |
|----------|---------|--|---|--|---|---------------------------|-----|
| 02-01(C) | Unknown |  | Due to the small number of administrative personnel, the Village did not have adequate segregation of accounting functions.   |  | We agree that a complete segregation of accounting functions would strengthen the controls, but with limited current financial resources, we are not able to hire additional personnel at this time.  | Mayor James Lynn Bordelon | N/A |
| 07-01(C) | 2007    |  | The Village does not have a staff person who has the ability to independently prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP). |  | The Village has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation. | Mayor James Lynn Bordelon | N/A |

PRIOR YEAR (8/31/09)

Compliance

There were no instances of compliance that were required to be reported.

Internal Control:

|          |         |  |   |    |  |  |  |
|----------|---------|--|---|----|--|--|--|
| 02-01(C) | Unknown |  | Due to the small number of administrative personnel, the Village did not have adequate segregation of accounting  | No |  |  |  |
| 07-01(C) | 2007    |  | The Village does not have a staff person who has the ability to independently prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP). | No |  |  |  |